

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 265149

61

ORIGIN EB-07

INFO OCT-01 AF-06 ISO-00 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 OMB-01 CEA-01 STR-04 L-03 H-02 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

LAB-04 SIL-01 DODE-00 PA-01 PRS-01 DHA-02 IO-10 /093 R

DRAFTED BY EB/IFD/OIA:TRBRODERICK

APPROVED BY EB/IFD/OIA:RJSMITH

L/EB:SBOND (SUBS)

AF/E:RBARRETT (SUBS)

L/WF:FWILLIS (INFO)

EB/ITP/OT/GCP:MGOLDMAN (SUBS)

AF/EP:WHITE (INFO)

TREASURY:PDAVIS (SUBS)

COMMERCE:DARRILL (SUBS)

CIEP:GKAMENS (INFO)

STR:TGRAHAM (INFO)

AID/GC:WWARREN (SUBS)

----- 056871

P 080120Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY ADDIS ABABA PRIORITY

LIMITED OFFICIAL USE STATE 265149

E.O. 11652: N/A

TAGS: EINV

SUBJECT: EXPROPRIATED U.S. PROPERTY AND ELIGIBILITY FOR
GENERALIZED PREFERENCES (GSP)

REFS: (A) STATE A-10523 (DEC. 28, 1973); (B) ADDIS ABABA
12502

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 265149

1. INTERAGENCY COMMITTEE CONSIDERING RECOMMENDATIONS TO

THE PRESIDENT CONCERNING COUNTRY ELIGIBILITY FOR GSP UNDER THE EXPROPRIATION PROVISION (SEC. 502(B)(4)) OF THE TRADE ACT OF 1984 HAS NOT YET COMPLETED ITS REVIEW OF A NUMBER OF "GRAY-AREA" COUNTRIES, INCLUDING ETHIOPIA, AND WILL BE RECONSIDERING THE CONTINUED ELIGIBILITY OF SUCH COUNTRIES BEFORE THE PLANNED TIME FOR IMPLEMENTATION OF GSP ON JANUARY 1, 1976. IF APPROPRIATE, WE WILL RECOMMEND NECESSARY CHANGES TO THE LISTS OF ELIGIBLE BENEFICIARIES AT THAT TIME.

2. WITH PARTICULAR REFERENCE TO ETHIOPIA, IT WILL BE DIFFICULT TO SUSTAIN A DETERMINATION THAT ETHIOPIA IS TAKING STEPS TO DISCHARGE ITS INTERNATIONAL OBLIGATIONS AS REQUIRED BY SEC. 502 (B)(4)(D)(II) OF THE ACT UNLESS SIGNIFICANT PROGRESS TOWARD SETTLEMENT OF OUTSTANDING AMERICAN CLAIMS IS MADE PRIOR TO OUR DECEMBER REVIEW. ILLUSTRATIVE INTERIM STEPS MIGHT INCLUDE ISSUANCE OF A COMPENSATION DECREE SO THAT THE COMPANIES CAN SUBMIT THEIR CLAIMS, OR OTHERWISE BEGINNING SERIOUS DISCUSSIONS OR NEGOTIATIONS ON COMPENSATION.

3. IF WE WERE UNABLE TO SUSTAIN SUCH A DETERMINATION, ETHIOPIA WOULD LOSE ITS ELIGIBILITY FOR GSP UNLESS THE PRESIDENT INVOKED A "NATIONAL ECONOMIC INTEREST" WAIVER. WE HAVE NOT YET CONSIDERED WHETHER SUCH WAIVER WOULD BE FEASIBLE OR APPROPRIATE FOR ETHIOPIA.

4. EMBASSY SHOULD ALSO BE AWARE OF SIMILAR LEGISLATION CALLING FOR THE USG TO SUSPEND BILATERAL ASSISTANCE, AND TO VOTE NEGATIVELY ON LOANS UNDER CONSIDERATION IN INTERNATIONAL DEVELOPMENT BANKS, TO COUNTRIES WHICH EXPROPRIATE

AMERICAN PROPERTY IN VIOLATION OF INTERNATIONAL LAW (THE HICKENLOOPER AND GONZALEZ AMENDMENTS, RESPECTIVELY). THERE IS NO EXPRESS OR AUTOMATIC LINKAGE BETWEEN THE THREE

PROVISIONS (AND THE GONZALEZ AMENDMENT HAS NO "NATIONAL INTEREST" OR "NATIONAL ECONOMIC INTEREST" WAIVER, AS DO HICKENLOOPER AND 502(B)(4), RESPECTIVELY), BUT THERE ARE SIMILARITIES IN LANGUAGE AND INTENTION. AN ADVERSE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 265149

FINDING UNDER 502 (B)(4) WOULD AS A PRACTICAL MATTER INCREASE THE LIKELIHOOD THAT THE USG WOULD APPLY HICKENLOOPER. IT IS ALMOST CERTAIN THAT THE USG WOULD APPLY GONZALEZ IN THESE CIRCUMSTANCES.

5. TO PUT THE EPMG ON NOTICE OF POSSIBLE TERMINATION OF GSP ELIGIBILITY, AND TO ENCOURAGE STEPS RESULTING IN SIGNIFICANT PROGRESS TOWARD SETTLEMENT BEFORE ANY SUCH

DECISION IS MDE, EMBASSY SHOULD MAKE FOLLOWING POINTS
TO APPROPRIATE EPMG OFFICIALS:

A. WE HAVE RECENTLY BEEN CONDUCTING A REVIEW OF COUNTRY
ELIGIBILITY FOR GSP UNDER THE EXPROPRIATION PROVISION OF
THE TRADE ACT OF 1974. FOR THE TIME BEING, WE HAVE CON-
CLUDED THAT ETHIOPIA SHOULD RETAIN ITS STATUS AS AN ELI-
GIBLE BENEFICIARY DEVELOPING COUNTRY.

B. WE WILL, HOWEVER, BE RECONSIDERING THE ELIGIBILITY
OF A NUMBER OF COUNTRIES, INCLUDING ETHIOPIA, BEFORE THE
PLANNED TIME FOR IMPLEMENTATION OF GSP ON JANUARY OQN
1976, AND, PF APPROPRIATE, WILL MAKE NECESSARY CHANGES
TO THE LIST OF ELIGIBLE BENEFICIARIES AT THAT TIME.

C. IN PART CULAR, IT WILL BE DIFFICULT TO SUSTAIN A
DETERMINATION THAT ETHIOPIA IS TAKING STEPS TO DISCHARGE
ITS OBLIGATIONS TO U.S. PROPERTY OWNERS UNDER
INTERNATIONAL LAW AS REQUIRED BY THE ACT UNLESS THE EPMG

TAKES STEPS SOON RESULTING IN SIGNIFICAT PROGRESS TOWARD
SETTLEMENT OF OUTSTANDING AMERICAN CLAIMS. SUCH STEPS
MIGHT INCLUDE ISSUANCE OF A COMPENSATION DECREE, OR OTHER-
WISE BEGINNING SERIOUS DISCUSSIONS OR NEGOTIATIONS WITH
THE AFFECTED AMERICAN FIRMS ON COMPENSATION.

D. IF WE WERE UNABL TO SUSTAIN SUCH A DETERMINATION,
ETHIOPIA COULD BE EXPECTED TO LOSE ITS ELIGIBILITY FOR
GSP. IN ADDITION, THE EPMG SHOULD BE AWARE OF SIMILAR
LEGISLATION CALLING FOR THE USG TO SUSPEND BILATERAL
ASSISTANCE, AND TO VOTE NEGATIVELY ON LOANS UNDER CONSID-
ERATION IN INTERNATIONAL DEVELOPMENT BANKS, TO COUNTRIES
WHICH EXPROPRIATE AMERICAN PROPERTY WITHOUT DISCHARGING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 265149

THEIR OBLIGATIONS TO U.S. CITIZENS UNDER INTERNATIONAL
LAW (THE HICKENLOOPER AND GONZALEZ AMENDMENTS, RESPECTIVE-
LY). GIVEN THE SIMILARITIES BETWEEN THESE PROOISIONS IN
LANGUAGE AND INTENTION, AN ADVERSE FINDING UNDER THE TRADE
ACT WOULD MAKE IT DIFFICULT TO AVOID TAKING THE REQUISITE

ACTION UNDER HICKENLOOPER AND GONZALEZ.

E. WE ARE HOPEFUL THAT SIGNIFICANT PROGRESS WILL BE
MADE SOON TOWARD RESOLVING OUTSTANDING AMERICAN CLAIMS
IN ETHIOPIA.

6. FOR THE EMOASSY'S INFORMATION, GENERAL GUIDANCE ON
USG VIEW OF REQUIREMENTS OF INTERNATIONAL TAW WITH
RESPECT TO EXPROPRIATED PROPERTY, AND ON POST'S ROLE IN

HANDLING INVESTMENT DISPUTES, PREVIOUSLY PROVIDED REF A.

7. FYI FOR AMBASSADOR. USG DOES NOT WISH TO PROVOKE A CONFRONTATION WITH THE EPMG OVER THIS EXPROPRIATION ISSUE. WE DO, HOWEVER, HAVE U.S. LAWS RELATED TO EXPROPRIATION, AND IN ORDER TO MEET THESE PROVISIONS IT IS IMPORTANT THAT WE ARE ABLE TO DEMONSTRATE FORWARD PROGRESS BY ETHIOPIA. WE WOULD APPRECIATE YOUR HELP IN IMPRESSING UPON THE EPMG THE IMPORTANCE OF MOVING FORWARD, ESPECIALLY IN THE NEXT FEW WEEKS. END FYI.

8. PLEASE ADVISE RESULTS. KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GENERALIZED PREFERENCES (TARIFFS)
Control Number: n/a
Copy: SINGLE
Draft Date: 08 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE265149
Document Source: CORE
Document Unique ID: 00
Drafter: TRBRODERICK
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750388-0964
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751162/aaaacdwp.tel
Line Count: 181
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE A-10523
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 SEP 2003 by KelleyW0>; APPROVED <30 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXPROPRIATED U.S. PROPERTY AND ELIGIBILITY FOR GENERALIZED PREFERENCES (GSP)
TAGS: EINV
To: ADDIS ABABA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006